CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 7, 2000

H.R. 6
Marriage Tax Elimination Act of 2000

As ordered reported by the House Committee on Ways and Means on February 2, 2000

SUMMARY

H.R. 6 would increase the basic standard deduction for a married couple filing a joint return to twice that of a taxpayer filing a single return. The bill would also expand, over a six-year phase-in period, the 15-percent regular income tax rate bracket for a married couple filing a joint return to twice the size of the corresponding bracket for an individual filing a single return. In addition, H.R. 6 would repeal the provision in current law that offsets the refundable child credit and earned income credit (EIC) by the amount of the alternative minimum tax (AMT). Finally, the bill would increase by $2,000 the beginning and ending income levels for the EIC phase-out for married couples filing jointly.

The Joint Committee on Taxation (JCT) estimates that H.R. 6 would decrease revenues by $4 billion in 2001, by $46 billion over the 2001-2005 period, and by $173 billion over the 2001-2010 period. In addition, JCT estimates that the bill would increase direct spending—the outlay effect of the EIC changes—by $5 million in 2001, by $4 billion over the 2001-2005 period, and by $10 billion over the 2001-2010 period. Because the bill would affect receipts and direct spending, pay-as-you-go procedures would apply.

H.R. 6 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 6 is shown in the following table. JCT provided all revenue and outlay estimates of provisions in H.R. 6.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
CHANGES IN REVENUES						
Increase standard deduction for joint filers	0	-4,105	-6,003	-6,383	-6,523	-6,793
Increase size of 15% tax rate bracket for joint filers; repeal AMT reductions of refundable credits	0	0	-37	-1,816	-4,348	-9,697
Increase beginning and ending income levels for the EIC phaseout for joint filers	0	-1	-166	-172	-181	-184
Total revenues	0	-4,106	-6,206	-8,371	-11,052	-16,674
CHANGES IN DIRECT SPENDING						
Increase beginning and ending income levels for the EIC phaseout for joint filers	0	5	1,082	1,051	1,055	1,076

SOURCE: Joint Committee on Taxation.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in receipts	0	-4,106	-6,206	-8,371	-11,052	-16,674	-19,371	-21,435	-26,963	-29,133	-29,308
Changes in outlays	0	5	1,082	1,051	1,055	1,076	1,085	1,104	1,101	1,093	1,083

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 6 contains no intergovernmental or private-sector mandates as defined in UMRA. Estimates of mandates were provided by JCT.

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